

Georgia's new **Comprehensive Loss Control Program (CLCP)** takes an innovative enterprise risk management approach to address loss exposures faced by the more than 130,000 State of Georgia workers employed in more than 150 different state agencies. The CLCP focus is on a combination of eight related operational program areas including: employee education, accident prevention, employee theft, general liability exposures, return to work programs, property management, auto liability and physical damage exposures and fleet management.

Georgia's Department of Administrative Services - Risk Management Services' division (DOAS-RMS) created and implemented the CLCP. The DOAS has entered into agreements with more than 100 state agencies and universities to take a comprehensive look at how they conduct their business. RMS loss control officers consult with participating agencies to review claim history and operating procedures. Then together they match best practice loss control policies with agency specific operations. Rather than a program template, RMS encourages each agency to develop and implement their own program based in large part on policies they already have. When necessary, RMS provides policy samples other agencies have successfully implemented. RMS celebrates an effective program in a newsletter and its annual loss control report.

In order to create a statewide "Culture of Safety", agencies are asked to consider best practices when dealing with workers' safety, property management and vehicle operation. Agency management is motivated to encourage safety through financial incentives for participation including lower deductibles and insurance premiums for successfully implementing loss control procedures as measured by the reduction in the number and severity of claims. Disincentives provide motivation as well. Agencies that either don't participate or are ineffective receive post budget insurance premium surcharges and increased deductibles.

The before and after is compelling. Before, most agencies had no financial incentive to pay attention to loss control issues. Agencies were charged a Workers' Compensation premium based on the number of employees regardless of loss history. Property premiums were billed at a flat exposure rate and agencies received their liability coverages for free. In 2006, state agencies reported over 10,000 work related injuries to DOAS. Agencies did not have a return to work program and they were not responsible to any regulatory agency. The state did not know how many vehicles it owned, didn't track maintenance and didn't know how many buildings it occupied.

After, state agencies now have their worker's compensation premium set based on their agencies' loss history. The state knows it owns over 15,000 buildings and their replacement cost values are all captured in a single database. Agencies drive 21,000 vehicles and upgraded fleet management systems will soon deliver comprehensive vehicle use and maintenance data. The state now qualifies its drivers, educates its workers, follows written operating procedures, regularly inspects buildings for potential loss exposures to workers and the public, frequently audits its financial transaction systems, and evaluates the functional tasks of its employees to find opportunities to more quickly return workers to meaningful post-injury employment.

The benefits to state agencies are obvious. Reducing claims increases worker motivation, productivity and job satisfaction. A safe environment enhances an agency's public image. Less claims means less employee downtime and avoiding the intangible losses like low morale, cost of adjusting workloads, administrative overhead handling claims paperwork and dealing with legal issues. Fewer claims means fewer taxpayers' dollars are needed to pay claims and claim expense. By educating and training employees, and giving agency managers a financial incentive, the Comprehensive Loss Control Program simultaneously takes a bottom up and top down approach. The resulting "Culture of Safety" benefits state workers and their families, state agencies, the taxpayers and the general public.

1. How long has the program been operational?

Elements of the CLCP like property inspections, return to work seminars and driver's safety training have been in effect since early 2007. The consolidation of these programs and the rollout of the full CLCP were completed in mid-2008.

2. What were the program start-up costs?

There were no specific purchases. Existing staff developed and implemented the program. Other than the production costs of nine instructional and informational videos, the balance of the costs are associated with communication and travel expenses to the participating agencies to complete on-site inspections, program implementation, program evaluation, and follow-up. Each participating agency incurred an initial investment of time. We estimate that each agency manager investing 6-8 hours per month during the implementation phase of the program. Initial costs include: production costs of nine videos: \$12,000., webinar: \$850., travel and consult costs: \$9500., printing, postage, and document costs: \$1250.

3. What are the programs operational costs?

As stated above, the ongoing program costs primarily involve ongoing program evaluation and in-person, on-site system evaluations. We expect travel costs to average about \$7500. per year after the first year. For each participating agency there will be an investment of time. During initial implementation and development, our experience shows that agency management invests 6-8 hours per month each. Once the CLCP is in place, the time investment drops to about 2-3 hours a month per agency manager.

4. How is the program funded?

The program is funded through the Georgia self insured trust funds. These funds were established to pay claims costs and related loss control measures. Georgia obtains funding for these trust funds through the billing of an annual premium to state agencies. The premium is added to each of the agencies operations budget.

5. How do you calculate savings – Short Term vs Long Term?

Short term and long term savings are essentially the same. It is often said that when loss control is effective – something doesn't happen. Therefore, we use an outcome based measurement. We have established a baseline measurement for claims frequency and claims severity by line of business. Claims volume is measured on a monthly basis and that data is compared to the same period in prior years. Assuming operations remain stable, changes in volume or costs outside of the standard deviation are considered costs avoided and thus money saved as a result of loss prevention and loss control measures. We also look at program expenditures and claims reserves to track developments and trends. A trend analysis is completed on the state as a whole as well as agency by agency.

6. How do you measure the program's success? Provide quantitative benefits realized by service recipients, taxpayers and or state agencies.

Program success is ultimately measured by claims cost avoidance and thus the savings to taxpayers. The funding for the self insurance program is drawn from the operation budgets of state agencies and universities. The allocation method is primarily experience based. An agency or university that reduces its claims also reduces its claims experience. Over time a reduced claim experience leads to a reduction in premiums. In addition, agencies and universities that participate in the CLCP receive reduced policy deductibles and avoid any premium surcharges.

As an example, in the past 18 months, almost 58,000 state employees who drive on state business have viewed two driver's safety videos. During that same period, auto liability claims have dropped 18%. The number of drivers, vehicles and miles driven remains the same over the period so we could attribute the 162 claim reduction to loss prevention activities. Of the nearly 58,000 state drivers who saw the videos, only 237 were subsequently involved in an auto accident. The remaining 662 drivers who had accidents had not yet seen the videos. The average total cost of a non-injury claim is \$3900. Therefore, the state of Georgia has avoided \$631,800 in claims costs thru loss prevention measures. If you assume 1 in 20 accidents results in a bodily injury and the average cost of a non-catastrophic injury claim is \$16,000 then the cost avoidance would be an additional \$128,000 in bodily injury claims. The total savings to the state in just 18 months on one of the eight CLCP program areas is \$759,800.

7. How has the program grown or changed since its implementation?

The CLCP represents the growth and development of several different stand alone initiatives. The CLCP itself hasn't changed since its implementation but rather it is the culmination of change within Risk Management in the state of Georgia.

8. Describe the program's applicability to other state/local/federal governments?

This program applies to any organization that owns or occupies a building, drives a vehicle, employs a worker or handles money. For example, the return to work component has been celebrated by the Georgia Board of Workers Compensation as a model for both public entities and private companies. The CLCP component parts align with industry best practices. Any state that waives its sovereign immunity or self funds its workers' compensation program will benefit from a Comprehensive Loss Control Program.